

Message Text

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16

ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 TAR-02 RSR-01

CEA-02 /171 W

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R 190900 Z JUN 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4675

INFO AMCONSUL HONG KONG

USMISSION OECD PARIS

USLO PEKING

AMEMBASSY TAIPEI

C O N F I D E N T I A L TOKYO 7700

E. O. 11652: GDS.

TAGS: ETRD, ESTC, PFOR, JA, CH

SUMMARY: GOJ HAS PRESENTED TO PRC DRAFT OF FIVE- YEAR
GOVERNMENT- TO- GOVERNMENT TRADE AGREEMENT, CALLING
FOR MFN TARIFF TREATMENT. FONOFF SOURCE SAID HE
EXPECTED, HOWEVER, THAT IT WOULD BE SOME TIME BEFORE
ACTUAL NEGOTIATIONS BEGAN. END SUMMARY.

1. JAPANESE EMBASSY IN PEKING PRESENTED GOJ' S DRAFT
OF GOVERNMENT- TO- GOVERNMENT TRADE AGREEMENT, CALLED
FOR IN THE TANAKA- CHOU EN- LAI COMMUNIQUE, TO THE PRC
FONOFF ON JUNE 18. ACCORDING TO KUNIHICO MAKITA OF
FONOFF CHINA DIV, WHO PARTICIPATED IN DRAFTING, AGREEMENT
PATTERNED ON JAPAN' S TRADE AGREEMENTS WITH EASTERN
EUROPEAN COUNTRIES, WITH MODIFICATIONS MADE TO INDI-
CATE " SPECIAL RELATIONSHIP" BETWEEN JAPAN AND PRC.
DRAFT AGREEMENT SPECIFIES (A) THAT EACH NATION SHALL
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GIVE THE OTHER MFN TARIFF TREATMENT, (B) THAT THE AGREE-
MENT WILL COVER A FIVE YEAR PERIOD, AND (C) THAT PRESENT
YEN- YUAN SETTLEMENT SYSTEM SHALL REMAIN IN EFFECT.

2. MAKITA SAID THAT ONE OF MOST SENSITIVE QUESTIONS IN
DRAFTING AGREEMENT WAS HOW TO HANDLE LISTING OF
QTE TRADED COMMODITIES UNQTE AND WHETHER OR NOT TO
SPECIFY VALUES OF ITEMS TO BE TRADED. ON THIS POINT,
HE SAID, GOJ' S DRAFT CALLED FOR CREATION OF BILATERAL
SPECIAL TRADE COMMITTEE, WHICH WOULD MEET TO HANDLE
ISSUES INVOLVING ITEMS AND LEVELS OF TRADE. HE DID
NOT ELABORATE FURTHER.

3. MAKITA ADDED THAT GOJ DRAFT STRESSED TENTATIVE
NATURE OF SEVERAL OF THE ARTICLES. THIS WAS DUE TO
FACT THAT GOJ NOT WELL INFORMED ON CHINESE TRADE
CUSTOMS AND REGULATIONS AND UNCERTAIN WHETHER DRAFT
WOULD BE CONSISTENT WITH CHINESE TRADE PRACTICES.

4. PRESS REPORTS ON DRAFT TRADE AGREEMENT HAVE NOTED
THAT IT POSSIBLE THAT TALKS COULD BEGIN BETWEEN TWO
COUNTRIES BEFORE JULY 1. HOWEVER, MAKITA SAID IT WAS
HIS PERSONAL VIEW THAT IT WOULD TAKE CONSIDERABLY
LONGER TO GET TALKS UNDER WAY. PRC' S KNOWLEDGE OF
JAPAN' S TRADING LAWS AND PRACTICES, MAKITA THOUGHT,
PROBABLY ALSO SOMEWHAT HAZY, SO THAT PRC WOULD NEED TO
STUDY JAPAN' S DRAFT AT LENGTH, ASKING MANY QUESTIONS,
BEFORE BEGINNING DETAILED NEGOTIATIONS. NEGOTIATIONS
THEMSELVES WERE LIKELY TO LAST 3-4 MONTHS, HE SAID.

5. MUCH BEING MADE BY PRSS, MAKITA ADDED, OF NEED TO
CONCLUDE AGREEMENT BEFORE EXPIRATION OF CURRENT MEMOR-
ANDUM OF TRADE (MT) AGREEMENT ON DECEMBER 31, 1973.
HOWEVER, GOJ, WHILE IT HOPES FOR SPEEDY CONCLUSION
OF AGREEMENT, DOES NOT BELIEVE THAT TRADE BETWEEN TWO
COUNTRIES WOULD BE ADVERSELY AFFECTED IF MT AGREEMENT
EXPIRED BEFORE GOVERNMENT- TO- GOVERNMENT COULD BE PUT
INFO EFFECT.

6. REFERRING TO PRESS SPECULATION TO EFFECT THAT GOJ
WOULD PROMISE IN TALKS ON TRADE AGREEMENT TO MAKE
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BEST EFFORT TO WORK FOR TOTAL SCRAPPING OF COCOM LIST,
MAKITA SAID THAT COCOM HAD ALWAYS BEEN AN ISSUE WITH
PRC, BUT THAT GOJ DID NOT INTEND TO DISCUSS IT IN
CONTEXT OF TRADE AGREEMENT TALKS.
SHOESMITH

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